

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 0059

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E.O. 11652: NA

TAGS: ETRD, JM

SUBJECT: DRAFT REPORT ON JAMAICAM TEXTILE TALKS

DRAFT REPORT ON JAMAICAN TEXTILE TALKS FOLLOWS: FINAL  
REPORT SHOULD BE SENT TO GENEVA FOR PHELAM WITH INFO  
TO KINGSTON.

QUOTE: 1. SUMMARY: U.S. AND JAMAICA HELD TEXTILE TALKS  
IN KINGSTON ON APRIL 15 AND 16. JAMAICA HAD REQUESTED  
TALKS BECAUSE OF ITS RESERVATIONS ABOUT THE MEMORANDUM  
OF UNDERSTANDING ON TEXTILES INITIATED BY REPRESENTA-  
TIVES OF THE TWO GOVERNMENTS IN JUNE OF 1975. TALKS  
WERE FRANK, CONSTRUCTIVE, AND FRIENDLY WITH TWO DELE-  
GATIONS AGREEING TO REVISE KEY PROVISION OF JUNE  
MEMORANDUM. MOST SIGNIFICANT REVISION WAS IN PROVISION  
FOR HANDLING OF DISRUPTIVE IMPORTS FROM JAMAICA.  
REVISED MEMORANDUM PROVIDES THAT IN EVENT PARTIES  
CANNOT AGREE ON A LEVEL FOR ALLEDGEDLY DISRUPTIVE IMPORTS,  
JAMAICA MAY DURING THE 12 MONTHS FOLLOWING A REQUEST  
FOR CONSULTATIONS EXPORT AT A RATE EQUAL TO 120 PERCENT  
OF ITS AVERAGE RATE FOR THE 12 MONTHS PERIOD PRIOR TO  
THE REQUEST FOR CONSULTATIONS. DETAILS ON NEGOTIATIONS  
FOLLOW IN THIS MESSAGE AND TEXT OF REVISED MEMORANDUM  
OF UNDERSTANDING BEING FORWARDED.

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2. ON APRIL 15 AND 16, REPRESENTATIVES OF THE U.S. AND JAMAICAN GOVERNMENTS HELD TEXTILES TALKS IN KINGSTON. U.S. DELEGATION HEADED BY CHARLES ANGEVINE, DEPARTMENT OF STATE, AND INCLUDED ED GOTTFREID, DEPARTMENT OF COMMERCE, AND JANIE HESTER, DEPARTMENT OF LABOR. JAMAICAN DELEGATION WAS HEADED BY LESLIE WILSON, UNDERSECRETARY FOR FOREIGN TRADE, MINISTRY OF INDUSTRY, TOURISM AND FOREIGN TRADE, AND INCLUDED RODERICK RAINFORD, UNDERSECRETARY FOR INDUSTRY, MRS. MAVIS CAMPBELL, MINISTRY OF INDUSTRY, TOURISM AND FOREIGN TRADE; MR DOUGLAS HANNAY, JAMAICA INDUSTRIAL DEVELOPMENT CORPORATION; MRS. DAWN OTTEY, JAMAICA NATIONAL EXPORT CORPORATION; AND DENNIS GAYLE, DEPARTMENT OF FOREIGN AFFAIRS.

3. WILSON BEGAN TALKS BY REPORTING JAMAICAN VIEWS ON JUNE 20, 1975; MEMORANDUM OF UNDERSTANDING NEGOTIATED BY REPRESENTATIVES OF TWO GOVERNMENTS IN WASHINGTON. GOJ DOESN'T BELIEVE JUNE MEMORANDUM PROVIDES SOUND TO U.S. WILSON NOTED JAMAICA HAS FIVE YEAR PROGRAM FOR DEVELOPMENT OF TEXTILE EXPORTS AND AIMS TO EXPORT 60 MILLION SQUARE YARDS ANNUALLY TO ALL MARKETS IN FIFTH YEAR OF PROGRAM. HE SAID FEAR THAT UNDER MEMORANDUM ACCESS TO US MARKET MIGHT BE BLOCKED AT ANY TIME WAS HINDERING GOJ'S EFFORTS TO ATTRACT FOREIGN AND DOMESTIC INVESTMENT INTO MANUFACTURE OF TEXTILES FOR EXPORT.

4. ACCORDING TO WILSON, THIS FEAR FROM PROVISIONS IN MEMORANDUM PERMITTING U.S. TO REQUEST CONSULTATIONS IN EVENT JAMAICAN EXPORTS CONTRIBUTE TO DISRUPTION OF US MARKET. AS GOJ UNDERSTOOD THIS PROVISION, U.S. FINDING OF DISRUPTION WOULD DEPEND ON DEVELOPMENTS IN US MARKET AND US IMPORTS FROM OTHER COUNTRIES IN ADDITION TO JAMAICAN EXPORT LEVELS. ACCORDINGLY, LEVEL OF JAMAICAN EXPORTS WHICH MIGHT BE FOUND DISRUPTIVE WAS HIGHLY UNCERTAIN.

5. WILSON RECALLED THAT US HAD OPPOSED SETTING OF SPECIFIC LEVELS FOR JAMAICAN TEXTILE EXPORTS TO US LIMITED OFFICIAL USE

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ON GROUNDS THAT TRADE LEVELS DIDN'T WARRANT RESTRAINTS BUT ASKED WHETHER US WOULD BE WILLING TO CONSIDER MODIFYING JUNE MEMORANDUM TO RESPOND TO JAMAICAN REQUIREMENTS FOR ASSURED ABILITY TO EXPORT SPECIFIC AMOUNTS OF ITS TEXTILE PRODUCTS TO US.

6. ALTHOUGH U.S. DELEGATION ACKNOWLEDGE CONSULTATIONS MECHANISM DOES NOT PROVIDE ASSURED MARKET OPPORTUNITIES

IT NOTED THAT GOJ MIGHT NOT FULLY APPRECIATE CONSTRAINTS ON US USE OF CONSULTATIVE PROCEDURES. ANY U.S. ACTION RESPECTING ITS TEXTILE IMPORTS FROM JAMAICA WOULD HAVE TO BE CONSISTENT WITH THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (MFA). U.S. SIDE RECALLED MFA LISTS OBJECTIVE MEASURES FOR DETERMINING DISRUPTION AND CALLS FOR SPECIALLY STRINGENT USE OF RESTRAINTS IN REGARD TO SMALL, DEVELOPING EXPORTERS. U.S. SIDE EMPHASIZED THESE MFA PROVISIONS PROVIDE SOME ASSURANCE THAT EXPANSION OF JAMAICAN EXPORTS TO THE U.S. WITHIN BROAD LIMITS WOULD NOT CONTRIBUTE TO DISRUPTION OF U.S. SUFFICIENTLY TO WARRANT A REQUEST FOR CONSULTATIONS.

7. U.S. DELEGATION ALSO CONFIRMED THAT US CONTINUES TO BELIEVE SPECIFIC RESTRAINTS ON JAMAICA'S TEXTILE EXPORTS TO THE US SHOULD BE AVOIDED AND EXPRESSED U.S. WILLINGNESS TO (A) HAVE NO AGREEMENT (B) EXCHANGE NOTES BASED ON JUNE MEMORANDUM OR (C) EXPLORE POSSIBILITIES FOR MODIFICATION OF JUNE MEMORANDUM. GOJ EXPRESSED ITS PREFERENCE FOR LATTER COURSE.

8. THE FIRST DEALT WITH IN SUBSEQUENT EXPLORATION OF THIS THIRD COURSE WAS INTRODUCTION OF SOME QUANTITATIVE RELATIONSHIP BETWEEN TRADE LEVELS AND POSSIBLE RESTRAINT LEVELS. THE ISSUE WAS RESOLVED BY REFERRING TO APPROPRIATE MFA REQUIREMENTS FOR DETERMINATION OF DISRUPTION BY FIRST, ON MINIMUM CONSULTATION LEVELS OF 100,000 SYE FOR APPAREL AND 1,000,000 SYE FOR TOEHR PRODUCTS AND, SECONDLY, AGREEMENT THAT WHENEVER THE PARTIES WERE UNABLE TO AGREE ON A TRADE LEVEL FOR DISRUPTIVE IMPORTS JAMAICA MAY DURING THE 12 MONTHS FOLLOWING A REQUEST FOR CONSULTATIONS LIMITED OFFICIAL USE

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EXPORT AT A RATE EQUAL TO 120 PERCENT OF ITS AVERAGE RATE FOR THE 12 MONTHS PERIOD PRIOR TO THE REQUEST FOR CONSULTATIONS.

9. THE SECOND ISSUE DEALT WITH, THE FOUNDATION FOR ANY NEW AGREEMENT CONTAINING SPECIFIC LEVELS, PROVED MORE DIFFICULT TO RESOLVE. GOJ DELEGATION ARGUED THAT NEGOTIATIONS FOR NEW AGREEMENT LEVELS SHOULD BE BASED ON (A) AGGREGATE OF EXPIRED COTTON AGREEMENT (ABOUT 34 MILLION AQ YARDS). AND LEVEL OF MAN-MADE TRADE. GOJ DELEGATION SAID THAT ARTICLE 3 PARA 1, AND ARTICLE 6, PARAGRAPH 1, PROHIBITED NEW RESTRAINTS ON TRADE LOWER THAN THOSE IN EXPIRED COTTON AGREEMENT.

10. U.S. DELEGATION INDICATED WILLINGNESS TO STATE RELEVANCY OF BOTH TRADE AND PREVIOUS AGREEMENT TO DETERMINATION OF SPECIFIC BASES FOR NEW AGREEMENT TO CONTAINING SPECIFIC LEVELS, BUT ADDED THAT AGREEMENT ON BASES WOULD NOT BE APPROPRIATE IN AN AGREEMENT ON A CONSULTATION MECHANISM. U.S. SIDE ALSO NOTED THAT APPAREL PRODUCTS WERE EXPECTED TO BE PRINCIPAL COMPONENT OF JAMAICAN TEXTILE EXPORTS TO U.S. AND SAID U.S. WOULD EXPECT ANY AGREEMENT TO BE LIMITED TO APPAREL. IN SUCH CASE YARDAGE FROM PREVIOUS AGREEMENT REPRESENTED BY SPECIFIC LIMITS ON APPAREL PRODUCTS WOULD PROVIDE MORE RELEVANT STARTING POINTS.

11. GOJ SIDE EXPRESSED AGREEMENT ABOUT APPROPRIATENESS OF CONFINING A FUTURE AGREEMENT TO APPAREL, BUT DID NOT WANT TO COMPROMISE ITS POSITION REGARDING INCLUSION OF ALL YARDAGE FROM PREVIOUS AGREEMENT. ACCORDINGLY, BOTH SIDES AGREED TO LEAVE THIS ISSUE TO FUTURE NEGOTIATIONS. UNQUOTE.  
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